

Message Text

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12

ACTION EUR-25

INFO OCT-01 AF-10 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03

LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02

SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01

NEA-10 RSR-01 /200 W

----- 077587

R 131551Z JUL 73

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 9540

INFO USINT ALGIERS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

USMISSION EC BRUSSELS

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY TUNIS

LIMITED OFFICIAL USE RABAT 3229

E.O. 11652: N/A

TAGS: ETRD, EC, MO

SUBJ: REVERSE PREFERENCES

REF: STATE 134654

1. DURING COURSE OF CONVERSATION JULY 11 WITH FOREIGN MINISTER AHMED

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TAIBI BENHIMA, AMBASSADOR MENTIONED MOROCCO'S FORTHCOMING NEGOTIATIONS WITH EC. HE SAID HE WANTED FOREIGN MINISTER TO KNOW THAT USG

CONTINUED OPPOSE EC DESIRE OBTAIN REVERSE PREFERENCES FROM MAGHREB COUNTRIES. HE NOTED THAT SUMMIT MEETINGS OF OAU HAD SHOWN THERE WAS CONSIDERABLE OPPOSITION TO THIS CONCEPT AND FAILURE MOROCCO TO GRANT REVERSE PREFERENCES IN PAST PROVIDED BASIS FOR CONTINUING TO RESIST. BEYOND NOTING THAT SUBJECT WAS EXHAUSTIVELY DISCUSSED AT OAU SUMMIT MEETING, BENHIMA WAS NONCOMMITTAL.

2. WE ALSO DISCUSSED EC NEGOTIATING MANDATE WITH CHIEF ECONOMIC SECTION FOREIGN MINISTRY ZINE AL ABIDINE SEBTI ON JULY 3 PRIOR HIS DEPARTURE ON TWO WEEKS LEAVE. WE INQUIRED AS TO SEBTI'S ASSESSMENT OF EC'S MANDATE FOR NEGOTIATIONS WITH MAGHREB COUNTRIES AND WHETHER EC WOULD INSIST ON REVERSE PREFERENCES. SEBTI REPLIED THAT HE DID NOT BELIEVE THERE WAS A CLEAR MANDATE ON THIS AND REVERSE PREFERENCES WOULD BE SUBJECT TO NEGOTIATION. HE OBSERVED THAT THERE WERE TWO THESES ON REVERSE PREFERENCES: (1) U.K. THESIS THAT REVERSE PREFERENCES SHOULD NOT BE DEMANDED FROM DEVELOPING COUNTRIES AND (2) THESIS HELD BY EC COMMISSION THAT DEVELOPING COUNTRIES SHOULD GRANT SOME CONCESSIONS. SEBTI SAID HE PERSONALLY FAVORED SECOND THESIS BECAUSE HE THOUGHT UNILATERAL EXTENSION OF CONCESSIONS BY EC WOULD PERMIT IT TO WITHDRAW CONCESSIONS UNILATERALLY. HE ALSO ELIEVED THAT SOME REDUCTION IN DUTIES WOULD BE BENEFICIAL TO MOROCCAN ECONOMY BY FORCING MOROCCAN INDUSTRIES TO BECOME EFFICIENT.

3. WE REMINDED SEBTI OF PROVISION OF U.S. TRADE LEGISLATION WHICH WOULD AUTHORIZE PREFERENTIAL TARIFF TREATMENT FOR THOSE DEVELOPING COUNTRIES WHICH DO NOT GRANT REVERSE PREFERENCES. SEBTI SEEMED MORE INTERESTED IN WHETHER EXISTENCE REVERSE PREFERENCES WOULD AFFECT U.S. ECONOMIC ASSISTANCE TO MOROCCO. ECONOMIC COUNSELOR REPLIED THAT TWO WERE NOT RELATED BUT USG OPPOSED SPREAD OF PREFERENTIAL TRADING ARRANGEMENTS AS CONTRARY TO GATT PRINCIPLES.

4. COMMENT: WE HAVE IMPRESSION THAT GOM WILL NOT OFFER REVERSE PREFERENCES BUT WILL PROBABLY AGREE TO THEM IF EC INSISTS AND OFFERS PREFERENTIAL TREATMENT FOR CERTAIN AGRICULTURAL EXPORTS, ECONOMIC ASSISTANCE ON CONCESSIONARY TERMS, AND FACILITIES FOR MOROCCAN WORKERS IN EC. WE DO NOT BELIEVE THAT 1906 ACT OF ALGECIRAS WOULD BE AN OBSTACLE.

ROCKWELL

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